DOCUMENT RESUME

ED 477 873 EA 032 589

AUTHOR	Hassel, Bryan
TITLE	A New Kind of School District: How Local Leaders Can Create Charter Districts. The Nuts & Bolts of Charter Districts.
INSTITUTION	Education Commission of the States, Denver, CO.
SPONS AGENCY	Department of Education, Washington, DC.
PUB DATE	2003-05-00
NOTE	18p.; Support provided by the Public Charter Schools Program. For other documents in this series, see EA 032 588 and EA 032 590-591.
AVAILABLE FROM	Education Commission of the States, 700 Broadway, #1200, Denver, CO 80203-3460 ($8.50 plus postage and handling; qty. order discount available). Tel: 303-299-3600; Fax: 303-296-8332; e-mail: ecs@ecs.org; Web site: http://www.ecs.org. For full text: http://www.ecs.org/ecsmain.asp?page=/html/publications/home_publications.asp?am=5.
PUB TYPE	Information Analyses (070) -- Opinion Papers (120)
EDRS PRICE	EDRS Price MF01/PC01 Plus Postage.
DESCRIPTORS	Accountability; *Charter Schools; *Educational Change; Educational Equity (Finance); Elementary Secondary Education; Nontraditional Education; School Choice; *School District Autonomy; *School District Reorganization; School District Size; School District Spending; School Effectiveness; School Restructuring; *School Support; State School District Relationship

ABSTRACT

This short paper discusses the advantages of and outlines key design issues for creating charter districts. The design issues are divided into three categories representing the three central elements of the environment the districts are trying to create for their schools: the opportunity to perform, incentives to perform, and capacity to perform. The paper also explains eight key questions and discuses options for addressing them: (1) How much and what kinds of autonomy should schools have? (2) How much emphasis should a charter district place on authorizing new schools? (3) How should a charter district convert existing schools to charter or contract schools? (4) How should a charter district hold schools accountable for results? (5) How should choice for families work? (6) How can a charter district help ensure a supply of high-quality schools? (7) How should district leaders distribute funding to schools in a charter district? (8) What is the best role for the central office in a charter district? The report concludes with a section on some of the challenges of implementation: the legal, political, and technical hurdles facing district leaders as they create charter districts. (Author/WFA)

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A New Kind of School District: How Local Leaders Can Create Charter Districts. The Nuts & Bolts of Charter Districts Series.

Bryan Hassel

May 2003

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Education Commission States

The Nuts & Bolts of Charter Districts

A New Kind of School District: How Local Leaders Can Create Charter Districts

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Acknowledgments

This paper is one of four in a series called *The Nuts & Bolts of Charter Districts*. It was produced for the Education Commission of the States (ECS), with funding from the U.S. Department of Education's Public Charter Schools Program. The author, Bryan Hassel, is the president of Public Impact, a North Carolina-based consulting firm.

School Districts in an Age of Accountability

School districts across the country are at a pivotal point in their evolution. The federal No Child Left Behind Act of 2001 (NCLB) demands that states and districts measure schools' performance and take action if they fail to make adequate progress. In most states, these new federal mandates supplement existing state policies with similar requirements. In addition, pressure is coming from a public increasingly impatient about schools' performance and parents who want more and more choices in terms of schools.

All this pressure puts school board members, superintendents and central office staff in a tight spot. Increasingly, they will be held accountable for how schools perform. Yet, they are removed from where the real action is – in classrooms across their districts.

There is one common approach to this dilemma – district efforts to "make" schools reform by mandating, often in great detail, how they should carry out teaching and learning. For example, districts adopt a districtwide reading program, require teachers to undergo specific kinds of professional development or direct schools to use certain instructional methods.

But, as any district leader knows, this strategy suffers from a number of potential drawbacks:

- Focusing on the minutiae of school affairs diverts district leaders' attention from the big picture – setting ambitious goals for the district's students, finding great leaders to run schools and monitoring schools' progress.
- Trying to fashion one-size-fits-all policies creates political controversy that can result in gridlock, watered-down compromises and further diversion of attention.
- "Making" schools perform is notoriously difficult – classroom practice often seems resistant to central office directives.
- Central office policies often fail to generate buy-in at the school level and fail to foster innovation by educators.
- Top-down environments discourage the best leaders and teachers from coming to work in a district.

In response to these challenges, school districts across the country have begun to explore a new approach to inducing their schools to perform – charter districts. Rather than mandating specific approaches their schools must take, these districts strive to create the environment in which schools are most likely to perform well.

To paraphrase Paul Hill of the University of Washington and his colleagues, there are three key parts of this environment. First, people in schools have the *opportunity* to perform. Instead of detailed mandates, the central office gives schools the freedom to design and carry out approaches that will work for their students – even if it means starting a new school from scratch. Second, the district provides *incentives* to perform. District leaders enter into "contracts" with the schools that set clear, high expectations for student achievement. They also give families the chance to choose their children's schools. If a school's performance falls short, it faces clearly defined consequences. Third, the district builds the *capacity* of people in schools to meet these ambitious expectations. It provides access to the funding and services schools need to succeed.[1]

The potential benefits of such a strategy are the mirror image of the drawbacks of mandating reform:

- Freed from focusing on the minutiae of school affairs, district leaders can direct their attention to the big picture – setting ambitious goals for the district's students, finding great leaders to run schools and monitoring schools' progress.
- Political controversy subsides. Teachers and parents with different views of education can choose to be in schools that match their vision.
- Since schools select their own approaches, the level of commitment by school personnel rises. "Ownership" motivates people in schools to do the hard work of school improvement.
- School-level decisionmaking fosters innovation and adaptation of strategies to the needs of particular student populations.
- The environment of freedom with responsibility attracts the best leaders and teachers to come to work in a district.

Some districts are moving toward this approach to school governance, but in different ways. Large districts, such as the Chicago Public Schools and the Los Angeles Unified School District, are creating significant "subdistricts" of charter schools. Smaller to medium-size districts, such as the San Carlos School District in California, are transforming all or most of their schools into charter schools. And in some places, entirely new "districts" of charter schools are being created, such as the District of Columbia Public Charter Schools Board. Though these districts are quite diverse, they share a common vision of how the "system" – that is, the school

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board, superintendent and central office staff – relates to its schools. They also share some common design issues as they develop their systems. This report outlines those design issues, explaining the key questions and discussing options for addressing them.[2] It divides the design issues into three categories representing the three central elements of the environment these districts are trying to create for their schools. Some relate to creating the *opportunity* for schools to perform. Others concern providing *incentives* for schools to perform. The rest relate to building schools' *capacity* to perform.

The report concludes with a section on some of the challenges of implementation – the legal, political and technical hurdles facing district leaders as they create charter districts.

Potential Advantages of a Charter District

	Traditional Governance	Charter District
Leadership Focus	Due to demand of day-to-day management of school affairs, district leaders' attention is diverted from the big picture.	Freed from focusing on the minutiae of school affairs, district leaders can direct their attention to the big picture.
Political Controversy	Trying to fashion one-size-fits-all policies creates political controversy that can result in gridlock, compromises and further diversion of attention.	Political controversy subsides. Teachers and parents with different views of education can choose to be in schools that match their vision.
School Buy-in	Classroom practice is resistant to central office directives.	Since schools select their own approaches, commitment of school personnel rises.
Innovation and Adaptation	Central office policies can fail to foster innovation by educators.	School-level decisionmaking fosters innovation and adaptation of strategies to the needs of all student populations.
Leadership/ Faculty Recruitment	Top-down environments can discourage the best leaders and teachers from coming to work in a district.	The environment of freedom with responsibility helps attract the best leaders and teachers to come to work in a district.

Key Charter District Design Issues

Opportunity To Perform
- How much and what kinds of autonomy should schools have?
- How much emphasis should a charter district place on authorizing *new* schools?
- How should a charter district convert *existing* schools to charter or contract schools?

Incentives To Perform
- How should a charter district hold schools accountable for results?
- How should choice for families work?

Capacity To Perform
- How can a charter district help ensure a supply of high-quality schools?
- How should district leaders distribute funding to schools in a charter district?
- What is the best role for the central office in a charter district?

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Opportunity To Perform

The "opportunity to perform" for individual schools is perhaps what distinguishes a charter district most strikingly from the conventional school district. In a traditional district, individual schools are administrative sub-units of the district. The school board, superintendent or central office officials make most of the key decisions about learning programs, personnel and budgets. Though many districts have implemented various forms of "school-based management," by and large districts retain this basic pattern of authority.[3]

In a charter district, by contrast, schools are not administrative sub-units of the district. Instead, independent legal entities, such as nonprofit corporations, operate these schools under contracts with the district's authorizing entity, typically a board of some kind. These contracts define the legal relationship between the two parties – the authority each party will have, the responsibilities each will carry, how resources will flow to the school, the constraints under which the school will live, and the terms under which the contract will be continued or terminated as time goes on. Such contracts make school-based authority "real" in a way that more conventional school-based management policies cannot, primarily because they provide a legally enforceable underpinning for the rights and responsibilities of the schools and the district.

Shifting to a contract-based system is a complex undertaking, involving dozens of tough decisions about how to structure the new relationship between the district and its schools. This section takes up three of the most important of those challenging issues. First, how much and what kinds of autonomy should schools have? Second, how much emphasis should a charter district place on "chartering" new schools versus converting existing schools to this new relationship? Third, to the extent a charter district is converting existing schools to charter schools, how should that process unfold?

How Much and What Kinds of Autonomy Should Schools Have?

Compared with schools in a more conventional school district, schools in a charter district will clearly have much greater autonomy. But autonomy is not a simple yes-or-no question for district leaders. State and federal laws are likely to dictate certain procedures and constraints that will apply to schools, such as special education, even if they are contract schools like those envisioned here. And district leaders may want to limit autonomy in other ways to pursue districtwide priorities or to limit the district's liability.

One useful starting point is to create a list of the major areas of school operations and decisionmaking. This list is, in essence, the universe of potential authority that might be placed at the school level. If it reaches a certain level of detail, such a list will be very long indeed. But a handful of major categories can structure the list:

- **Learning program.** Will the system require that schools cover certain core courses or subjects? Who will choose the curriculum and instructional approaches used at each school? Who will select textbooks and other instructional materials or software? Who will decide how to structure time at each school (start time, length of class periods and school days, the annual school calendar, before- and after-school programs)?
- **Human resources.** Who will hire, evaluate and dismiss school principals, teachers and other staff at the school? Who will set the rules for teacher qualifications (within the constraints of state and federal law)? Who will determine salaries and benefits? Who will set the staffing structure at schools? Who will make decisions about professional development? What level of discretion will the faculty have? Will school personnel be covered by collective-bargaining agreements with unions? If so, will the new arrangements in the district require changes in or exemptions to those agreements? What is the process for bringing about those changes?
- **Finances.** Who will create and manage each school's budget? Will there be restrictions on how schools can use funds? Will there be restrictions on schools' raising outside funds?
- **Compliance issues.** How will special education be handled? Will each school be responsible for providing special education to all its students, or will the central office play some role in organizing special education services? What other compliance requirements, including reporting, will apply to schools?

On each question, there is a continuum of autonomy that can be afforded to schools. At one end, all authority rests at the school level. At the other, the central office dictates the school's approach. But

there are steps in between. Ordered from most autonomous to least autonomous, these include:

- Decisionmaking authority at the school level, but the central office provides assistance
- Decisionmaking authority at the school level, but within required parameters established at the central office
- School proposes policies or approaches, but the central office must approve based on established criteria or guidelines.

The level of school autonomy does not need to be the same for all areas of decisionmaking authority. It may be that some areas, such as those highly regulated by higher levels of government, such as special education, must be set on the "low" end of the autonomy continuum by law, while others can be delegated more fully to the school.

Whatever level of autonomy is set, a couple of observations are worth making from the early experience of charter districts. First, it is vital to think through autonomy issues in advance as much as possible; otherwise, disputes that are difficult to resolve are likely to arise in the process of implementation. A second and related point is the need to codify autonomy levels in the contract or charter between the district and a school. Informal understandings may work as long as affairs are going smoothly, but they do not work well when controversy rears its ugly head.

How Much Emphasis Should a Charter District Place on Authorizing New Schools?

Across the country, existing charter districts have handled this question differently. Some, such as the District of Columbia Public Charter School Board and the Chicago Public Schools, have composed their new systems almost entirely of new schools. Others, such as California's San Carlos School District, have made the transition primarily by converting existing schools to charter status. Still others, such as the Los Angeles Unified School District and the Twin Ridges Elementary School District in California, have included a mix of new and converted schools in their systems.

Districts that have relied completely or partly on *new* schools have several reasons for doing so. It is notoriously difficult to effect change in an existing school – or, for that matter, in any existing organization. This is especially true when the envisioned changes are significant and thoroughgoing, involving alterations in the daily practices of teachers and in the very culture of schools. Moving toward a charter district involves exactly this kind of radical change in schools. They go from being units of a district to being independent entities; from taking directives from central office staff to charting their own course; from being assigned a set of students and teachers each year to being schools of choice for both children and faculty. This kind of change can be wrenching, especially if a substantial group of stakeholders does not support the change. It is not a simple matter of changing the sign out front from "Elm Street Elementary School" to "Elm Street *Charter* Elementary School."

It is not impossible for existing schools to make this transition, though. In fact, many have, and conversions do have their advantages. Because they are *not* starting from scratch, they may have a strong foundation on which to build a revamped school. This foundation, in part, is literal – conversion schools generally do not have to endure the often-harrowing process of developing a new school facility. But the foundation may have more intangible components as well – strong working relationships among staff, a supportive parent community, and positive routines and practices that support student achievement.

A mix of new schools and conversion schools may be the preferable approach. A mixed system seeks to capitalize on the advantages both bring, without placing all the district's proverbial eggs in one basket. And as subsequent sections discuss, districts can take steps to mitigate the pitfalls that new and converted schools face.

How Should a Charter District Convert Existing Schools to Charter or Contract Schools?

Some small and medium-sized districts have converted all, or almost all, their existing schools to chartered schools at one time. For example, the Chester Upland School District in Pennsylvania, as a consequence of a state takeover, turned nine of its 10 existing schools into "contract" schools, hiring Edison Schools Inc. to manage them.

Other small and medium-sized districts are moving incrementally toward converting all or most of their schools to charter schools. The San Carlos School District, where most schools are now charter schools, did not go that way all at once; schools have converted to charter status one by one over the years. In the Barnstable School District in Massachusetts, officials have begun a planning

process they hope will result in the gradual conversion of schools in that district to charter status.

In larger districts, especially very large urban districts, such a wholesale conversion has scarcely been contemplated and certainly never executed. In those districts, the most common practice is instead to create "subdistricts" that contain charter and contract schools, including any conversion schools. The New York City, Los Angeles and Philadelphia school districts all have significant and/or growing subdistricts containing charter and contract schools. In New York, the subdistrict is actually a formal administrative unit – District 33 – that exists alongside 32 geographic districts. In Los Angeles and Philadelphia, there is no formal subdistrict. But there are enough charter and contract schools that each district has established a separate administrative structure to oversee these schools, constituting in effect a district within a district. Partial or gradual conversion can help alleviate some of the challenges of conversion previously described. By moving incrementally, districts can give existing schools the opportunity to step forward and become more independently operated, but not mandate it. The voluntary nature of the conversion makes it more likely that change will happen at the school, and less likely that it will be resisted. Incremental conversion also allows the district to apply criteria to schools wishing to convert – for example, requirements that staff and students buy in or that the school has a clear plan for handling its new responsibilities.

The charter schools idea is often described as a bargain in which schools gain increased autonomy in return for enhanced accountability. The logic is compelling. When a district grants increased autonomy to a school, it lets go of its primary instruments for inducing performance in the school – its detailed mandates regarding how things should be done in the school. Since the district is still responsible for the school's performance, it has to figure out a way to replace those instruments with new ones. That is where incentives come in. Incentives are the primary way, along with capacity building, that the system tries to stimulate high performance in schools.

Charter districts generally pursue two forms of incentive for performance. First, they institute some kind of results-based accountability. Even as a contract with a school outlines the autonomy the school receives, it simultaneously establishes the school's obligations to perform. Continuation of the contract is, in theory, contingent on the school's achievement of targets set forth in the contract. Second, charter districts extend choice to families about where their children attend school – and tie resources to enrollment. Since a school's financial future depends on recruiting and retaining students, it has a strong incentive to be responsive to families and produce results that families value.

That is the theory. But each of these two forms of incentives creates vexing design issues for charter districts. The next two subsections explore some of the most pressing ones.

How Should a Charter District Hold Schools Accountable for Results?

Many of today's school accountability systems are designed with conventional districts in mind. In particular, they are designed to work with large numbers of schools operating in a relatively uniform fashion.[4] A charter district's accountability system, by contrast, typically deals with a relatively small number of schools that exhibit variety and operate on limited-term contracts – they can be closed if they fail to perform. These characteristics of a charter district – their scale, the variety of their schools and the high-stakes nature of school contracts – raise some interesting challenges in the design of accountability systems, but also some potential opportunities. In this section, these are discussed under three headings that represent three important "legs" of any accountability system – setting expectations, gathering information and using the data to make decisions.[5]

Setting expectations. A results-based school accountability system begins with a set of expectations for the outcomes that schools will produce over time. In conventional accountability systems, which must apply to all schools, say, in an entire state, it is necessary to simplify expectations in a way that can be applied uniformly to a vast system. For example, the accountability system for elementary schools in many states bases expectations for schools on the results of standardized tests in math and reading. Schools are expected to get a certain percentage of children to grade level on these tests or to make a certain amount of progress each year in their efforts.

Charter districts, by contrast, have developed more complex expectations. For example, Chicago Public Schools rates its charter schools on a wide range of variables, including the achievement of standards unique to a school's mission. Similarly, the District of Columbia Public Charter School Board enters into a legally binding accountability agreement with each of its schools that includes a mix of common and school-specific expectations. A school focused on bringing dropouts back to school and helping them go on to postsecondary education or a successful career, for example, might include special expectations related to postsecondary outcomes in its agreement. A school committed to community service might measure its success in that arena and be held accountable, in part, for those outcomes.

Two factors drive charter districts toward such complex accountability systems. First, they make sense in the context of the variety that the districts seek to foster. Since these districts want schools to pursue unique missions, it makes sense to tailor expectations to match the unique approaches and goals that different schools have. Tailored expectations also have a better chance of matching up with a school's own sense of internal accountability – its stakeholders' understanding of what the school is trying to accomplish and how that will be measured.

Second, the small scale of the typical charter district makes it feasible to set school-specific expectations in a way that it may not be for a state or a large district. The district does not have to negotiate complex accountability agreements with hundreds, or even thousands, of schools at a time.

Still, designing an approach to setting expectations that allows for variety is complex. What is the proper mix of common and school-specific expectations? How should common expectations, such as those related to performance or growth on standardized tests, be weighted versus more school-specific goals? How and when should common and school-specific expectations be determined? What standards of rigor should be applied to indicators that schools propose for their school-specific expectations? There are no clear answers to these questions, just a range of emerging practices that serve as models or starting points for districts engaged in this kind of design.[6]

Gathering information. In the typical school accountability system, the information that feeds the accountability model is straightforward to collect, primarily because it focuses on standardized test results. Collecting information about a more diverse set of measures creates challenges. How does the district know if, for example, the community is actively engaged in the life of a school that counts such engagement toward its success? Or that the school has effectively developed a promised new model of teacher leadership in the school? Progress toward such goals is not easily charted.

As with setting expectations, though, the scale of most charter districts makes it feasible to engage in more intensive forms of data gathering that make it possible to gauge progress toward diverse goals. The Massachusetts Department of Education, for example, has developed an elaborate process of school visits for charter schools, including a multi-day visit by the outside firm SchoolWorks as the school approaches the renewal of its charter. These visits make it possible for the department to gather a wide range of information about its charter schools, including data about the more intangible parts of each school's mission and goals.

The creation of such a complex information-gathering system creates its own share of challenges. How often should school visits take place? What are the roles of announced versus unannounced visits in such a process? What protocols should guide visitors' observations? How should visitors be trained? What kind of reports should these visits produce? What kind of findings from visits should be shared with parents or the public?

Making decisions. Performance evaluation in a contract-based charter district is ultimately high stakes. That is, the school's performance is supposed to inform district-level decisions about whether or

District of Columbia Public Charter School Board Accountability Requirements

Category	Indicator
Academic Performance	
Stanford 9 (reading and math)	• % students at advanced, proficient, basic, below basic • % students showing gain • Average Normal Curve Equivalent gain • % eligible students taking Stanford 9 • % students above national median
Special Education	• % in compliance with Individualized Education Program • % evaluated within 120 days of referral • % students receiving service
Learning Environment	
Student Attendance	• Average % in daily attendance (by grade level)
School Holding Power	• % students who re-enroll (by grade level)
Discipline	• # suspensions/expulsions • # disciplinary incidents requiring referral to police, social services, etc.
Staff Attendance	• Teacher absentee rate
Management and Finance	
Audit	• Incidence and severity of findings
Financial Results	• Current year closes in black • # months cash flow is in black
Financial Obligations	• Incidence of late payment • Incidence of nonpayment
Level of Debt	• Amount owed in $ and % of budget
Cash Flow	• Level of reserves • Monthly fund balances

Note: The common indicators above are those established by the District of Columbia Public Charter School Board. All schools chartered by the board are required to track these indicators. Beyond these common variables, the charter schools are free to negotiate more school-specific measures with the board.

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not to continue the school's contract. No school in such a district is necessarily permanent; its continued existence is contingent on performance.

Even in such a district, though, closing a school can be daunting. Parents, students, teachers and community members may be invested in the school, even if its performance on objective measures is lagging. Building an airtight case for closure that can withstand legal challenge may be difficult. Questions of transition – what happens to students and the school's assets in the event of closure – can be tough to untangle.

To date, experience with school closures within charter districts is minimal. Most schools in such districts have not yet reached the moment of truth, and most of those that have reached that point have been successful enough to carry on. So there is not a rich experience base on which to build policies in this area. Still, some observations can help establish approaches to closing schools, if that becomes necessary:

- **Insulation.** Some charter districts have found ways of insulating parts of their decisionmaking process from the political pressures that make it difficult to close schools. These include hiring an outside firm to conduct an in-depth evaluation of school performance as the renewal decision approaches (e.g., Massachusetts Department of Education) or appointing a volunteer board or advisory committee to make recommendations about renewal (e.g., North Carolina Board of Education). These strategies do not eliminate controversy about school closures, as Massachusetts' 2002 decision not to renew the charter of Lynn Charter School demonstrated. But they bolster decisionmakers' ability to move forward with tough choices.
- **Transition policies.** To avoid chaos in the event of actual school closures, some charter districts have begun to develop detailed policies for what will happen when a school closes. How will students transition to new schools? How will student records be preserved and transferred? How will the school's financial books be "closed"? What will happen to the school's assets, from instructional materials to computers to facilities? How will the school's creditors, if any, be satisfied? Thinking through these questions in advance can mitigate the turmoil of a school closure when it happens.
- **Options for families.** In many school closures, families have resisted. There may be performance issues at these schools, they say, but they still prefer this school to their other options. As a result, a district that is considering closing a low-performing school needs to take steps to ensure there are attractive options for families. It may be impossible to satisfy everyone, but the more high-quality options available, the less controversy surrounding a school closure.

How Should Choice for Families Work?

In addition to being accountable to the district for producing results, schools in a charter district also are accountable to families. Since funding follows children to the schools their families choose, each school's survival depends, in part, on its ability to fill its seats.

Saying "we are going to give families a choice" is one thing; actually designing the system through which family choices will translate into student assignment is another. The challenge arises because in any choice system, some schools will be oversubscribed, and some will be undersubscribed.

The oversubscription challenge is less severe for a large district (e.g., Philadelphia School District, which is operating a subdistrict of charter and contract schools) or a new charter district (e.g., District of Columbia Public Charter School Board, which is operating alongside a conventional district). In these cases, each school can establish its own capacity and then, through some fair process like a lottery, determine which students to admit. Students who are unsuccessful in the admissions process have a default option – they can always attend a school in the conventional district. Undersubscribed schools are problematic in a charter district, but in a self-correcting way – if a school is simply too undersubscribed to survive financially, it will collapse under its own weight unless it can find the outside resources to make ends meet.

Oversubscribed and undersubscribed schools are more problematic in a formerly conventional district that is converting or has converted all its schools to charter and contract schools. In these districts, there is no fallback – the district *must* offer a place in some public school to every child. Imbalances present the district, at least in the short term, with two undesirable options. The district must either:

- Require oversubscribed schools to meet excess demand in some way or
- Require students to attend schools other than the ones they prefer.

The first option is undesirable because it may require schools to depart from their ideal size (e.g., a high school committed to being small to foster close relationships between and among staff and students). Or even if the school is willing to become larger, it may present insurmountable practical problems if the school cannot create the needed physical capacity in time for school to open. The second option is undesirable because it runs against the intention of these districts to allow families to choose a school that matches their needs.

Districts may be able to mitigate these problems by taking a longer-term view. Oversubscription is a potentially powerful signal to district leaders that they need to do something to expand the number of slots available in oversubscribed programs. If actual expansion of those programs by their existing purveyors is not viable for some reason, the district can solicit proposals from other providers to offer similar programs in the future. There may be some lag time during which the first or second option must be invoked, but in the long term the district can achieve balance.

An added challenge is what to do about facilities. On the one hand, it does not make much sense to create new physical capacity to accommodate demand when other facilities in the district lie partly vacant due to undersubscription. On the other, arranging to use vacant space within other school buildings for newly opened programs is challenging, to say the least. While experience in the field may soon begin to generate models, this is an area where cutting-edge districts have little in the way of practical wisdom on which to rely so far.

Whatever form of school choice they adopt, districts need to take direct action to help families make the right choices for their children. Extra care should be taken to reach families who have less access to information about the community's schools or whose children have been historically underserved. Policies need to be in place that minimize exceptions to lotteries and ensure all admission standards are fair and nondiscriminatory. Services such as transportation and nutrition should be offered but without infringing on individual school autonomy.

Capacity To Perform

Constituting schools as independent entities with strong inducements to perform lays the groundwork for excellence, but it does not guarantee it. Schools still need to take advantage of the opportunity to rise to the challenge posed by the incentives. In other words, they need the capacity to perform.

For district leaders, the need to create capacity poses a set of important design questions. First, what can district leaders do to generate a supply of high-quality schools in the system? Second, how should the district arrange the funding system to ensure schools have the resources they need to succeed? Finally, what should the role of the central office be in this new arrangement?

The second two questions – about funding and the role of the central office – are the subject of two other papers in *The Nuts & Bolts of Charter Districts* series. Thus, this paper focuses exclusively on the first issue – generating a supply of high-quality schools for the system.

How Can a Charter District Ensure a Supply of High-Quality Schools?

When one thinks of building capacity in a school system, one usually thinks of districts improving the capabilities of the schools that are already in place. This might be called the "support approach" to capacity building. Charter districts are concerned with that kind of capacity building as well, especially in districts that are primarily converting existing schools into charter and contract schools, while retaining the same basic leadership and staffing at the schools.

For districts that involve *new schools* as part or all of their supply, though, the capacity-building challenge looks different. In addition to providing support for charter schools once they are opened, these systems have the chance to build capacity when they select entities to open and operate schools in the first place. This opportunity suggests other capacity-building functions for the system: generating a pipeline of strong applicants to operate schools and conducting a deliberate selection of actual operators from that pipeline.

Support. The first decade of charter schools has made clear that charter schools, while autonomous, need support. The question that arises for charter districts, though, is how to stimulate that support. The conventional district mostly answers that question by providing the support directly – it has a human resources department that takes care of personnel, a finance department that handles money, a professional development division that designs training sessions for teachers, a series of curriculum offices that help schools with their learning programs and so on. The district may contract with outside providers for some of these services, but it remains the provider in the sense of taking responsibility for delivering these services to schools.

This kind of approach does not sit well in a charter district, for a couple of reasons. For one, it leads to a kind of uniformity that does not mesh well with the autonomy and differentiation that are the hallmarks of charter districts. For another, if charter districts are disbursing most funding to the schools for the schools' own budgets, the central office is unlikely to have the resources left to fund such a sprawling service enterprise.

This does not mean, however, that the central office has no role in supporting a charter district's schools. In fact, a few possibilities for such a role are:

- **Stimulating outside providers.** The district can play the role of stimulating the availability of outside providers. Many experienced organizations already exist that can provide valuable services to charter and contract schools. Some of these are outside the education community altogether, such as accounting firms and bus companies, while others already serve the education market. But existing entities may need to be educated about the opportunity presented by charter and contract schools; and schools may need to learn about available services. Districts can survey schools to learn their needs and then offer vendor fairs to connect schools with service providers. Where existing organizations are not available or not interested in serving charter and contract schools, districts can stimulate supply by publicizing the demand for a particular service or even investing in new providers.
- **Providing voluntary fee-based services.** If the district, in its old form, provided certain valuable services to schools, perhaps schools will be willing to pay fees to continue receiving those services.
- **Helping schools become better buyers of services.** If schools are going to be contracting for more services on the open market, one core

set of capacities they will need involves buying – identifying their needs or specifications, generating a pool of potential vendors, selecting from among bidders and managing contracts with multiple vendors. Since districts have played these roles for years, they may be able to help schools acquire these capacities.

- **Helping with facilities.** For districts that are allowing new schools to form, one key area of support is facilities, which can absorb a disproportionate amount of school leaders' attention and, in some cases, prevent a school from opening. Districts can help by using financing structures available to them on behalf of new schools (e.g., issuing tax-exempt bonds for the construction or renovation of school buildings), by aggressively converting vacant or underused facilities to new uses and by constructing or acquiring facilities to be used by newly formed schools. In districts seeking to foster the creation of *new* schools, one promising option is to develop incubators that can house schools in their start-up years, giving them affordable space until they are ready to move to permanent homes.

Pipeline and selection. For districts that include new schools as part or all of their strategy, it is imperative to think about generating a pipeline of qualified applicants to operate schools. In the early years, districts have mostly not had to focus on this question – simply by letting it be known that there is an opportunity to open new schools, they have been deluged with applicants. As time goes on, though, and the top applicants are indeed selected, the pipeline may slow. If the district still needs more new schools, how can it increase the flow?

One set of measures is covered above – effective support systems make it more likely that talented educators and entrepreneurs will be willing to step forward and take on the challenge of opening a new school. But districts can also go beyond such support, and conduct outreach to potential suppliers of new schools. This outreach can be local – reaching out to top educators, community organizations and other local talent, and encouraging them to consider opening a new school. Or it can be broader – identifying national or regional organizations that create new schools and inviting them to submit applications locally.[7] Such a broader approach might be especially useful for larger systems interested in contracting for the operation of numerous schools. In such cases, it may make sense to select intermediaries with the capacity to open several schools. Outreach can be informal – making contact with potential applicants – or it can be more formal – issuing a request for proposals (RFP) inviting applicants to come forward.

In thinking about a pipeline of qualified applicants to operate schools, it is important for districts to consider what kinds of supply they want to generate. Are there certain gaps that need filling in the district? Are there certain student populations that are not well-served now? Are there certain instructional approaches that are in demand but not offered locally? A district answering "yes" to these questions will want to target its outreach and tailor its RFPs or invitations.

Finally, a district shapes capacity by how it selects among applicants to open new schools. Establishing criteria for acceptance and designing a review process that allows for careful vetting of applications are hallmarks of most charter districts that allow new schools to form. Not only does such a process screen out potential school founders who lack the capacity or plans to create excellent schools, it also encourages would-be applicants to engage in much more careful up-front thinking about the design of their schools.

Challenges of Transition

There are many challenges inherent in shifting from a traditional district to a charter district. Leaders must make significant shifts in every major category of school operations and decisionmaking. Individuals who work in the district will experience new and heavy demands. And greater and more creative efforts are required to connect families, schools, community organizations and businesses. Once a district chooses to transform to a charter district, at least three types of roadblocks may be encountered.

Districts may be **bound by state or local policies** that prevent this kind of system or make it difficult to implement (i.e., state laws concerning collective bargaining may need to be amended to allow individual schools to employ and negotiate with school leaders and faculty). Unless a state specifically denies a district the right to charter, using waiver authority in areas where it exists can skirt many of the obstructions. Connecting and collaborating becomes critical in this situation and requires that district leaders partner with like-minded leaders in other districts to present state leaders with ideas for policy change and support. Allies in education, business and community groups can be sought and cultivated to support the new strategy at the local and state levels.

Local political opposition to change presents another potential roadblock to the creation of a charter district. Local school board members, faculty and others may be uncomfortable with the shift of control and changes in how resources flow. Again, connecting and collaborating will prove to be key. District administrators can work closely with local school board members and community groups to foster buy-in, and can conduct media and public information campaigns to help school leaders and faculty understand the benefits they will experience from the new system. District leaders will need to encourage those in opposition to see that the public education system is being strengthened, not undermined, by the new arrangements. In particular, they will need to encourage collective-bargaining units to play a new role that allows for school autonomy while protecting employee rights. In this effort, they can call upon state leaders as a resource to help create a new labor-management relationship through changing state laws governing collective bargaining.

Developing new schools and designing and implementing new work systems for nearly every major category of operation will require additional resources, forcing district leaders to tap **new resources and capabilities** to make the transition to a charter district. With state funds being reduced and fewer outside funding resources available, however, many districts around the country are strapped for money. Nevertheless, district leaders can employ strategies to free up resources for the transition to a charter district. For example, they can thoroughly evaluate current central office spending and reallocate funds from functions that are no longer needed in the new system. Districts also can seek short-term private funding to cover the one-time design and transition costs.

While the transition will be challenging, the experience of existing charter districts shows that such challenges can be met and roadblocks removed or lessened by using some of the strategies mentioned in this report. District leaders have found the difficult shift worth the effort as they have created an environment for the district's schools and students to excel, increased community engagement and better met families' needs.

Endnotes

[1] Paul T. Hill, "Creating Reforms that Work," *Fixing Urban Schools*, editors Paul T. Hill and Mary Beth Celio (Washington, DC: Brookings Institution, 1998), p. 74.

[2] For a more extensive list of key questions for district leaders, see *Key Questions for District Leaders in Creating and Supporting Charter Districts* (Education Commission of the States, April 2003, available online at www.ecs.org/clearinghouse/35/80/3580.htm).

[3] As more schools and districts have embraced comprehensive school reform, including the adoption of research-based whole-school reform models, districts have been pressed to grapple with issues of autonomy. A school operating a reform model may need to engage in very different forms of teaching and learning, staffing, finance and governance, and may find itself at odds with centralized district policies. See *Making Good Choices: Districts Take the Lead* (North Central Regional Educational Laboratory, 2001) for a discussion.

[4] It is true that some state accountability systems, and the federal No Child Left Behind Act, include the possibility of closure for non-charter public schools that fail chronically to perform. It may be that school closure becomes a much more common event in conventional school accountability in the future. At this stage, however, school closure for poor performance is exceedingly uncommon for non-charter public schools.

[5] Bryan Hassel and Paul Herdman, *Charter School Accountability: Issues and Options for Authorizers* (Charlotte, NC: Public Impact, 2000).

[6] The National Association of Charter School Authorizers currently is focused on helping authorizers think about these issues through a program of research and technical assistance focused on *Building Excellence in Charter School Authorizing*. The initiative has developed a core set of questions that authorizers should address in developing a comprehensive design for charter school authorizing. For more information, visit the project Web site at http://www.charterauthorizers.org/site/nacsa/content.php?type=1&id=6.

[7] Such organizations are increasing in number. They include "education management organizations" – both for-profit (e.g., Edison Schools, Inc.) and nonprofit (e.g., California-based Aspire Public Schools) – that seek to operate many chartered schools. Others are the less-tightly linked networks of schools that follow certain basic approaches (e.g., Knowledge Is Power Program (KIPP) schools and schools associated with the EdVisions cooperative), "school design organizations" that help schools put into place a particular approach to whole-school or instructional design (e.g., Accelerated Schools and Expeditionary Learning/Outward Bound). Also, there are the national umbrella community groups that help their local affiliates start new schools (e.g., National Council of La Raza and YMCA of the USA).

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